

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 XMB-02 TRSE-00
STR-04 OMB-01 PM-04 NSC-05 SP-02 SS-15 ACDA-07 L-03
MC-02 AID-05 IGA-02 /092 W
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FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 2318
INFO AMEMBASSY ABU DHABI
AMEMBASSY BRUSSELS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMCONSUL KARACHI
AMEMBASSY KUWAIT
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY ROME

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FROM RCCAA DWOR

DEPARTMENT PASS COMMERCE FOR COHEN, HALE, MYERS, EXIMBANK

DEPARTMENT PASS FAA FOR CARY AND CARMICHAEL

BRUSSELS FOR FAA

ROME FOR RCAA

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TAGS: EAIR, BEXP, PK
SUBJECT: PAKISTAN INTERNATIONAL AIRLINES (PIA) STATUS AND FLEET
EXPANSION

REF: (A) ROME 1624, (B) TEHRAN 75 3116

1. RCAA AND CONGEN KARACHI COMMERCIAL ATTACHE VISITED PIA

HEADQUARTERS FEBRUARY 23-25 INCLUDING CALLS ON BOARD CHAIRMAN NUR KHAN; GENERAL MANAGER PLANNING HAFEEZ-UD-DEEN; MANAGER ECONOMIC PLANNING TARIQ MUFTI; AND SPECIAL ASST. TO CHAIRMAN KHORSHEED ANWAR. OTHER SUBSTANTIVE AIRLINE SENIOR STAFF INCLUDING MANAGING DIRECTOR JAMALL, DIRECTOR CORPORATE DEVELOPMENT ALI, DIRECTOR FINANCE AND PLANNING HASNAIN, AND DIRECTOR ECONOMIC PLANNING AND SCHEDULING SHROFF WERE AWAY FROM KARACHI. NEVERTHELESS, THE FOLLOWING SALIENT DEVELOPMENTS EMERGED FROM THOSE CALLS EFFECTED.

2. BEYOND PIA'S CURRENT FLEET OF SIX WIDEBODIED AIRCRAFT IN SERVICE, AIRLINE WILL REQUIRE EIGHT TO NINE MORE OVER NEXT FOUR YEARS VALUED AT \$360-450 MILLION TO KEEP PACE WITH HEAVY INCREASE IN TRAFFIC, PARTICULARLY GULF/SAUDI ARABIA AND DOMESTIC TRUNKLINE.

3. FIRST TWO OR THREE AIRCRAFT OF EXPANDED WIDEBODIED FLEET WILL PROBABLY BE ORDERED EARLY OR MID-APRIL, WITH TYPE-SELECTION EFFECTIVELY NARROWED TO BOEING 747-240B, MCDONNELL DOUGLAS DC-10-30, AND AIRBUS INDUSTRIE A-300 B4.

4. AIRLINE ON VERGE OF ORDERING TWO USED BOEING 707-351B'S FROM NORTHWEST AIRLINES (MINNEAPOLIS-ST. PAUL) VALUED AT \$12 MILLION TO HELP COVER THIS YEAR'S ANTICIPATED 30 PERCENT TRAFFIC GROWTH.

5. PIA'S RETURN TO POSITION OF SUSTAINED PROFITABILITY WITH RECORD ANNUAL NET PROFIT \$5.5 MILLION FINANCIAL YEAR ENDED JUNE 30, LIMITED OFFICIAL USE

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1976 AND \$2.2 MILLION PREVIOUS YEAR.

6. STRONG PROSPECTS FOR RECORD NET PROFIT IN EXCESS \$20 MILLION FOR FINANCIAL YEAR ENDING JUNE 30, 1977, WITH PACESETTING \$10.7 MILLION NET PROFIT REGISTERED FOR FIRST SIX MONTHS (JULY 1-DECEMBER 31, 1976) AS COMPARED TO \$3.3 MILLION REGISTERED SIMILAR PERIOD YEAR EARLIER.

7. TRAFFIC RESULTS FIRST SEVEN MONTHS CURRENT FISCAL YEAR BUOYANT WITH REVENUE PASSENGER KILOMETERS FLOWN UP 33.3 PERCENT, AVAILABLE SEAT KILOMETERS OFFERED UP AT LESSER RATE OF 28.5 PERCENT, AND SYSTEM PASSENGER LOAD FACTOR UP 2.1 POINTS TO 60.5 PERCENT.

8. PIA PLANS TO REPLACE EIGHT-AIRCRAFT FOKKER-VFW F-27 TURBOPROP FLEET WITH NEW TWINJETS DELAYED UNTIL 1980 AT EARLIEST.

9. AIRLINE'S RELUCTANCE TO INTRODUCE THIRD TYPE OF WIDE-BODIED AIRCRAFT INTO FLEET (DILUTING STANDARDIZATION AND COMPLICATING SPARES SUPPORT AND TRAINING) AND LESS THAN OPTIMUM A-300B4 ROUTE

FLEXIBILITY (PAYLOAD/RANGE) CHARACTERISTICS APPEAR TO BE TILGING CHAIRMAN AND SENIOR MANAGEMENT TOWARDS DECISION FAVORING 747-240B (NOT 747 SR) OR DC-10-30 ACQUISITION.

10. AIRBUS INDUSTRIE EXPECTED TO COUNTER BOEING AND MCDONNELL DOUGLAS WITH CONCESSIONAL FINANCING, EARLY DELIVER POSITIONS, ACCEPTANCE OF THE FOUR DC-10-30'S IN FLEET AS TRADE-INS, AND POSSIBILITY INSERTING A-300B4'S IN GOF PACKAGE TO GOP COVERING NUCLEAR REPROCESSING PLANT AND MILITARY STRIKE AIRCRAFT (I.E., MIRAGE F1 FIGHTER BOMBERS)

11. PIA PRESENT FLEET INCLUDES FOUR 292-SEAT DC-10-30'S, TWO 411-SEAT 747-282B'S LEASED FROM TAP-PORTUGUESES (TO BE PURCHASED FROM LESSOR IN 1978 OR 1979 UNDER EXISTING OPTIONS), FOUR 150-SEAT 707-340C'S, ONE 150-SEAT 707-373C, ONE ALL-CARGO 707-340C, TWO 133-SEAT 720-040B'S (THIRD AND FOURTH ON LONGTERM LEASE TO AIR LIMITED OFFICIAL USE

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MALTA); THREE 133-SEAT 720-047B'S, AND EIGHT 40-SEAT F-27'S.

12. FLEET DEPLOYED AS FOLLOWS: DC-10-30 AVERAGE DAILY UTILIZATION PER AIRCRAFT 8.6 HOURS PER DAY (9.5 HOURS EFFECTIVE APRIL 1) ON TWO FAR EAST, ONE U.K., ELEVEN GULF/KUWAIT, EIGHT SAUDI ARABIA, AND NINETEEN DOMESTIC (ISLAMABAD-KARACHI, LAHORE-KARACHI) ROUNDTrips WEEKLY; 747-282B AVERAGE DAILY UTILIZATION PER AIRCRAFT 9.6 HOURS PER DAY ON TWO U.S., THREE U.K., ONE GULF (DUBAI), AND ONE DOMESTIC (ISLAMAGAD-KARACHI) ROUNDTrips WEEKLY; 707-340C/373C AVERAGE DAILY UTILIZATION 8T HOURS PER DAY, AND 720-040B/047B AVERAGE DAILY UTILIZATION 7.5 HOURS PER DAY ON INTERMINGLED TWO FAR EAST, TWO SOUTHEAST ASIA, TWO EAST AFRICA, ONE U.S. (ALL-CARGO 707-340C), ONE NORTH AFRICA (LIBYA), EIGHT GULF/KUWAIT, THREE INDIA, ONE BANGLADESH, ONE SAUDI ARABIA, AND SIXTY-NINE DOMESTIC (QUETTA, PESHAWAR, MULTAN, LYALLPUR, ISLAMABAD, LAHORE) ROUNDTrips WEEKLY, F-27 ON ONE INDIA (LAHORE-DELHI), ONE GULF (KARACHI-QATAR-MUSCAT),, AND ONE HUNDRED THIRTEEN DOMESTIC ROUNDTrips WEEKLY.

13. POSSIBILITY AIRLINE MAY REPLACE 747-282B'S ON TWO WEEKLY ROUNDTrip KARACHI-DUBAI-CAIRO-FRANKFURT-PARIS-NEW YORK SCHEDULES WITH THREE OR FOUR WEEKLY DC-10-30'S, INCREASING 747 SEATING CAPACITY TO 450 SEATS (32 PLUS 418) AND REDEPLOYING 747-282B'S TO REGIONAL ROUTES WITH EMPHASIS KARACHI-GULF/SAUDI ARABIA/KUWAIT TO MEET QUANTUM INCREASES REGIONAL TRAFFIC.

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